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ɔnomic Characteristics of ɜte of Oregon Analyzed

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tical boundaries frequently cut across areas that not be divided for economic analyses. An excellent le is the Oregon-Washington line, which not only s the Portland marketing area but even divides the nd standard metropolitan area as defined by the u of the Census. Such arbitrary divisions often make ssion of the economy of a state appear highly arti- However, despite the difficulty of generalizing for a al rather than an economic unit, an attempt will be in this article to point out of Oregon's major economic teristics.

economic and social topic s always of interest is proba- ture population trends. Since pparent direction of Oregon's ation change is upward, the ion of how the added people rn their livelihood is one of tance to Oregonians. Fore- of future population figures particular area are usually ed by projecting past trends hen making what appear to easonable adjustments for es in in-migration, out-migra- birth rate, and death rate. After a modest increase in 30s, Oregon's population rose 40 per cent during the The rate of growth has been slower in the 1950s— r cent between 1950 and 1951. Dr. John W. Berry of e University estimates that, if present rates continue ghout the rest of the decade, Oregon will have a popu- of 1,393,000 in 1960.

tistics relating to our incomes probably have a popu- ed second only to those of population. Income pay- to individuals are estimated by the Department of ce, the most recent estimates covering 1953. In Oregon accounted for $2.7 billion out of a total billion for the United States. The per capita income gonians (i.e., the $2.7 billion divided by our popula- $1,721. This compares with $1,832 for Washing- $2,039 for California. The Oregon figure was bove the $1,709 national average.

gh the per capita income of Oregonians was lower of residents in California and Washington, the te of pay in manufacturing establishments was fact, during March 1955, the most recent month figures are available, the hourly rate in Oregon , second only to Michigan with $2.22. The hourly nufacturing firms in Washington was $2.11 and nia $2.09. It would appear that the seasonal ir-

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Method of Appraising Single Family Homes Explained. By David L. Montonna.

Current Business Trends in Oregon.

Method of Appraising Single Family Homes Explained*

By DAVID L. MONTONNA
Chairman, Education Committee, Institute of Real Estate Appraisers

The "capitalization of net income" approach is not applicable to the valuation of single residential properties. One major reason is that such properties are not of investment character when considered from a pure monetary standpoint. Another is the difficulty of selecting a proper capitalization rate, because the risk associated with the investment of capital in this type of real estate varies very widely, depending upon the range of value within which the property falls.

It is probably well recognized that the least hazard is involved in properties which lie in the middle or submiddle ranges of value. It is further well recognized that a much greater risk attends the investment of capital in more expensive homes. For monetary investment, the price paid for very expensive homes is extremely hazardous. So it is difficult to select a proper risk rate and hence to determine a proper capitalization rate.

There is another method of valuation of single residential properties which may be employed and which is also called "capitalization." This is capitalization of gross income; an explanation of this procedure is the topic of this paper.

There is more justification for the capitalization of gross income in this type of property than there could possibly be in the capitalization of gross income in investment-type properties. The reason lies in the fact that more of the expenses are reflected in the gross income of single-family residential properties than is the case with investment-type properties. For instance, in cold cities, such as Minneapolis, St. Paul, Ottawa, or Toronto, it will be found that, generally speaking, the cost of heating is as important to a tenant as the rent he must pay, because the cost of heating will sometimes equal or nearly equal the cost of the rental. The cost of heating is a major factor and the tenant has to pay it. Hence, it will affect the rent he will be willing to pay. In an investment property, on the other hand, the cost of heating is no concern of the tenant; if it is excessive and the landlord tries to get it into the rent, the tenant will move. He will not pay more than comparable rent for space, either in an office building or an apartment, because the cost of heating is excessive. But excessive heating cost does make a vast difference to the investor, because it will

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* This paper is based on a discussion of the same topic by Mr. Montonna at a Real Estate Institute held at the University of Oregon, Feb. 21 to March 5, 1955.

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Method of Appraising Single Family Homes Explained

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diminish his net return, which is the basis of value. However, to repeat, in a single-family home the tenant is vitally interested in the cost of heating because he has to pay it. The same is true of certain other expenses.

When it is said that a home will sell for 100 times its gross monthly rental, this is the same as capitalizing its gross annual income at 12 per cent. Other multiples such as 120, 150, or 70 will develop other or different gross capitalization rates.

In any community there exists a very close and definite relationship between the unfurnished monthly rental value of a single-family dwelling and the price it will bring in the market. This is because every factor, inherent, environmental, and economic, is reflected in both the gross monthly rental value and in the price obtainable. Think of some of them. The type, age, area, condition, state of modernity, balance of utility, placement on the lot, landscaping, and all other inherent factors are reflected in the rent just as they are reflected in the market price. All environmental factors—the type, age, area, condition, and congruity of the structures in the neighborhood, the manner in which they are maintained, the type of people occupying them, the income level, the shopping facilities, transportation, ecclesiastical facilities, etc.—are reflected equally in the price the property will bring and in the monthly rental value obtainable in the market. All economic factors such as price levels, income scales, etc., likewise are reflected in both rent and price. Careful analysis reveals that all except four factors which affect the price likewise affect the unfurnished rental value of the structure. These four exceptions are:

(1) Excessive taxes and special assessments. It is generally recognized that any owner of property is interested in the quantity, the quality, and the duration of benefits he receives. Excessive taxes and special assessments will undoubtedly reduce the benefits received either in the form of monetary return from rents or through the owner's own occupancy. The tenant is not interested in these unless reflected in the rent he is required to pay—which is probably not at all, since he will move rather than pay these excessive costs. At one time in southern California some properties were subject to seven overlapping assessments. Obviously, the tax and special-assessment burden was extremely heavy. But these properties, under such a burden, rented for no more than did comparable properties in areas where these special assessments did not exist. However, the prices at which the properties sold were ally different, i.e., lower.

(2) Inherent structural defects not yet affecti ity and utility. The tenant is not interested in th until they actually affect livability and utility. when the piano falls through the floor becau action of termites, he will have some slight int will either move or demand a reduction in rent, v ably the former. But the owner is vitally interested factors, even though they have not yet affected and utility; eventually they will exact their toll a affect the volume, quality, and duration of his The owner will have costly repairs if he rents the p and will be forced to rent to tenants of a lower level or social group, because people who would occupy the property will not now do so. They w to other quarters.

(3) The imminence of infiltration. Here ag tenant is not interested and has no concern until tration of lower social groups and income leve place; and when it does he will move to an area w environment is compatible with his income level a position. But the owner is interested in the immin infiltration, since when it happens it will affect the and the quality of his benefits.

(4) The imminence of transition to different us again, the tenant is not interested until the transiti place and, when it does, he will move. But the o vitally interested; for, in spite of the fact that the tr may eventually be to a higher use than now prevails, theless, during the period of transition it is prob most inevitable, that the decline in the value of the i ment will exceed the increase in the value of the sit

To repeat, all inherent, environmental, and econo tors except these four are similarly reflected in th value of the property and in the price obtainable market. The problem of the appraiser is to proceed presence of these four exceptions exactly as if they exist and then give the same weight to their exist would a typical purchaser in the market. This pr will enable the appraiser to develop a very close ind of the market value of a single-family property.

This relationship between rent and market exists where; I have yet to find any settlement where it d There is in any town what I choose to call the ba range. It is the range of value within which the balance between the monetary return or rent, on hand, and the abstract benefits of ownership, or am on the other. But this is true only for that type of p wherein the benefits of ownership are dual in cha the rental value or monetary interest and the valu stract benefits of ownership or amenities (the ple things of life which create satisfaction and pride surroundings for our children, and better citizens ourselves).

Many of you have undoubtedly heard the statem times the rent." Please get it out of your conscio it may be 100 times the rent, it may be 200 times or it may be 70 times the rent. The job of the app to wear out his shoes to ascertain what ranges of v what factors do in fact exist in his community.

that there is this range of values wherein there is a ace between the amenities on the one hand and the etary return or rent on the other. His next step is to what multiplier applied to this unfurnished rental will develop the market price obtainable. How does to this? By finding sales and rents and dividing one by ther.

e will find that, as he proceeds higher and higher in ranges of value, the multiple will become larger. This cause, as we go higher in the ranges of value, the rent monetary return takes on increasing insignificance and amenities take on increasing significance—until, when get into the very high ranges of value, rent is beside the nt. Properties just do not rent up there or, if they do, a matter of nominal rent for maintenance purposes. the other hand, as he declines in the ranges of value, he find that the multiplier will shrink: this is because the nities become less significant and the monetary return ent takes on increased significance. When the very low es are reached, it will be found that there are no ameni- whatever. There it is a case of shelter only; and under h circumstances we have an income-producing property. a good type, but still a type which should be processed the basis of net-income capitalization.

You tell me this will not work. They told me in Miami ch, Florida that it would not work, that it was impos- le. "We never rent houses unfurnished."

I said, "Is there any reason why you cannot?"

"It just is not done."

I said, "Let us analyze your statement. What will the se across the street rent for, furnished as it is?"

"$350 a month for six months."

I said to that man, "Let us assume that this house is ant and unfurnished, would you pay $25 a month rent it?"

He looked at me in utter astonishment.

I asked him, "Would you pay $100 a month rent for it?"

"Why, yes, I would."

I said, "Of course, you would. Put a little furniture in and you have the use of it for the hot six months of the ar when you cannot live on the mainland and you can me over here and enjoy the ocean breezes. The other six nths you make a handsome profit."

I said, "Would you pay $150 a month for it?"

He thought a bit and said, "Yes, I would."

I said, "Is there any other individual in the city of ami who would pay $150 a month for this house un- nished?"

"Yes, lots of them."

"Then," I said, "This property must have an unfurnished tal value."

They told me the same thing along the shores of Lake e east of Cleveland because they did not think.

In St. Louis an interesting thing happened. They told there that there were no homes available, that, when stinghouse came into town to build their new plant, had to build homes for their executives because there e no homes available. That was the story. We went into ery fine residential area to inspect a subject property I asked what its rental value was. They looked at me other horror and said, "Why, it would not rent."

I said, "Why wouldn't it rent?"

"We just do not rent houses like that."

"I'm not interested in what you do. What would it rent for if it were available on the market?"

They still said, "Well, it just would not rent."

I said, "Take me home. I will find a good rental woman. She will tell me what it will rent for."

And she did. In ten minutes she told me what she could rent the house for if it were available on the market. She also told me what every one of the comparable properties would rent for. She knew the rental market.

These people told me that houses would not rent when they had just finished telling me that Westinghouse had to build houses because none were available for its executives. Of course houses could be rented.

I recently had a communication from a city in Louisiana that wanted me to come down to conduct a conference. They did not want me to talk on this subject, although it is a single-family residence conference, because they have no houses rented in the city. Is there any city in which there are no rented houses?

I had a man in my class at Syracuse University who, after an hour's lecture on this subject, still said that it would not work. Two years later I saw him at Harvard. When I asked him why he was there, he said he had come up to learn a little more about "that multiple business" because he had found there was something to it.

Do not say that it will not work because you do not understand it or have never worked it; try it. If you do it properly, you will have an excellent guide to market value in single-family home evaluation work.

When I went to Dallas to look at some cases, I asked for thirty or forty files which we would look at in an afternoon. That morning I talked with a lot of brokers and asked them what rental they could obtain for a house which would sell for $10,000. They said that it would depend upon the location. Then I asked them what price they could obtain for a house that was renting for $90 per month, and I got the same answer. I then asked them to stop and think if it really did depend on the location. I asked them what it was that made the house sell and what it was that made it rent. I asked them if these were not the same things. Two hours later I had what I needed. That afternoon we went out and looked at the houses for which I had requested the files. When we drove up in front of one, the local appraiser took out his file and started to open it. I told him to leave it closed, and asked him if there were any excessive taxes or special assessments against the property, if there were any inherent structural defects which had not yet affected the building utility, if there was any imminence of infiltration of lower social groups and income levels, or if there was any imminence of transition to different use affecting the property. His answer was "no" to all questions. After asking him what it would rent for unfurnished, I told him approximately what its sale value should be. He looked at me in wonder and said that he had lived in Dallas all of his life, that he had been in the real-estate business for many years, and that he was the chief valuator of the largest firm in his area—but that I, who had never been in Dallas before, could tell more about what properties would sell for than he could. It was not because I was smart; I had a sharp tool and I knew how to use it.

Do not think that the same multiple which applies in Eugene will apply in Corvallis, in The Dalles, or in some other city, because it may not. There was a time in an area

in southern California when homes in a certain value range would sell at 90 times the rent. We went to a town about 100 miles away and tried to apply 90 times the rent, and we did not come anywhere near market value. Why? At that time this town was a hot oil town, largely occupied by oil workers who were good spenders and who made good money. They would pay a high rent for a nice home, but they would not buy it because they might be transferred to some other area the next day. As a result, the multiple in that town in the same range of value was 70 instead of 90. Sales prices were low compared to the rentals.

If a property in one value range sells for 110 and you are approaching the next value range where the proper multiple is 115, maybe you should be using 111 or 112. Use a little judgment; one cannot use this procedure indiscriminately any more than he can interest rates or terms of recapture or any other item in valuation work.

If you develop these value ranges properly, if you develop these gross monthly multipliers accurately, and finally if you develop the unfurnished monthly rental value accurately, you will have one of the best guides to the market value of single-family homes.

Economic Characteristics of State of Oregon Analyzed

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regularity of employment in the Oregon lumber industry has been partly, but not completely, compensated for by higher hourly rates of pay.

Turning from the amount of income to how it is obtained, we find that larger proportions of Oregon's income come from agriculture and manufacturing than is true of either of our Pacific Coast neighbors, but less is realized from government payments and construction; income payments arising from trade and services in 1953 were proportionately greater in Oregon than in Washington but less than in California. Of our 1953 income payments 6.5 per cent came from agriculture in Oregon as compared to 5.6 per cent in Washington, 4.6 per cent in California, and 8.5 per cent for the United States. It may be a surprise to some readers that manufacturing is a relatively more important source of income in our state than in either Washington or California—the percentages being 22.1, 19.1, and 19.5, respectively. The fact that we have no large government installations (such as Ft. Lewis or the Bremerton Navy Yard) is reflected in the fact that we received only 15.9 per cent of our income from government payments, whereas Washington received 21.5 per cent and California 18.6 per cent.

Inadequate data indicate that the popularly held view that Oregon is a debtor state is correct. That is, Oregonians on balance owe more to investors and creditors outside of the state than they are owed. The statistical support for this conclusion is that 9.7 per cent of our income comes from income on property, dividends, and interest, which is below the 10.5 per cent for the entire United States.

Let us now turn to the resources upon which Oregon's economy is based. Oregon has two great natural assets that we are presently exploiting. The first relates to Portland and explains much of its growth, while the second relates primarily to the entire western part of the state.

Portland enjoys great geographical advanta[ge] midway between the Canadian and California [b]... is located where the Puget Sound-Willamette tro[ugh] sects the Columbia River, making it a center for [wa]... highway traffic, and it is a major port but still [in]... of these factors make Portland an excellent di[stri]... center for much of the interior part of the Pacif[ic] ... west as well as the Willamette Valley, the coastal ... ties, and southwest Washington. The extent of Port[land] advantage is shown by the fact that, according to the ... census, 7.2 per cent of its employed workers were e[n]... in wholesaling, while in Seattle the percentage was 5.1. ... only has Portland been able to exploit successfully its ... vantage for wholesaling; but a considerable proportio[n] the manufacturing done in Portland is accounted for ... firms that are located there because so much of the Pa[cific] Northwest market is readily accessible. Because of its ... cation, economic activity in Portland is varied and st[able] as contrasted with the rest of the state.

The second asset is our great forests. It has been poi[nted] out that manufacturing supplies a larger proportion ... total income payments in Oregon than in Washington ... California. The cutting and processing of our timber ... responsible for the major portion of these Oregon p[ay]ments. In 1951 there were 6,300 manufacturing conc[erns] in Oregon and 1,100 of them, or 65 per cent, were enga[ged] in the production of lumber or basic wood products. ... number of workers, the dominance of lumber is also i[m]pressive. The most recent figures of the Oregon State ... employment Compensation Commission, for June 19[53] show that 65 per cent of all manufacturing workers w[ere] engaged in industries classed under the heading of lum[ber] and wood products, furnitures and fixtures, and paper ... allied products. If we make our comparison with dura[ble] goods only, 81 per cent of Oregon's manufacturing w[ork]ers are in lumber and wood products and furnitures (pa[per] is nondurable, so is excluded).

In absolute terms there were 97,900 workers emplo[yed] in Oregon in industries using wood as a base in June 19[53]. The next largest category was food processing with 18,9[00], a figure which expands later in the season, followed ... metal products (both primary and fabricated) with 8,[000] and textiles and apparel with 5,100. Manufacturing in O[re]gon is highly specialized, the raw material being tree[s] an overwhelming extent.

An important limiting factor to manufacturing is ... lack of local fuels. This is partly made up by cheap hy[dro] electric power. The economy and the size of the popula[tion] of Oregon and the Pacific Northwest would be far diffe[rent] now if it were not for the Bonneville Power Administra[tion] and the Northwest Power Pool. According to Dr. E. ... Kolde of the University of Washington, the effective u[ti]zation of hydroelectric power in the Pacific Northwest ... from 4.4 million kilowatt hours in 1940 to 23.1 mi[llion] kilowatt hours in 1951. This is a rate of growth in ex[cess] of three times that of the national average.

In addition to freeing the Pacific Northwest from ... pendence upon outside energy sources, the existence ... large blocks of cheap power has attracted electropro[cess] industries to this area. All three of the major alumi[num] producers in the United States are heavily invested in ... Pacific Northwest. Had different criteria for evalua[tion]

the importance of manufacturing industries been used—for example, if capital investment instead of number of employees had been used and if Oregon and Washington had been lumped together—metal-products industries would have appeared far more important.

Any discussion of Oregon's economy that does not mention tourist expenditures is lacking one of its essential elements. However, since the economic aspects of tourism in the Pacific Northwest was fully discussed by Dr. Weldon P. Gibson of the Stanford Research Institute in the July 1955 issue of the *Oregon Business Review*, it will not be treated here.

We often tend to overlook fundamental changes that are rapidly occurring because of the growth of our western population, especially in California. Each year it is becoming more profitable to produce goods and services for which there was previously no adequate market west of the Continental Divide. Oregon is now participating and will continue to participate in this development. Over the next decade, many new types of manufacturing and service firms will appear in the state simply because of the increase in the number of people living in the West.

Another important economic characteristic of Oregon is that fluctuations of business activity are greater in amplitude than for the nation as a whole. This is due to the predominance of the lumber industry, which is not only seasonally unstable but rises and falls with business-cycle changes more than does business activity generally in the United States.

Within Oregon, business in Portland fluctuates less than business upstate. This is because Portland's economic base is broader, trade being an important aspect and manufacturing being diversified. Employment and bank debits, our principal short-term local economic indicators, show less seasonal and cyclical fluctuations in Portland than upstate. Upstate is far more dependent upon lumber and agriculture, which means substantial seasonal and cyclical variations.

However, all of Oregon's business activity remains tied closely to the lumber industry. Even wholesaling and retailing in Portland are not far removed from dependence upon the lumber market. What of the long-term outlook of the lumber industry? A commonly held view is that in a decade or so the industry will be radically curtailed because little standing timber will be left. A business executives' research group in Portland, aided by the Committee for Economic Development and working with local academic economists, has studied this subject carefully and their findings were published recently under the title *The Forest Products Industry of Oregon*. One of their conclusions is that, when old-growth timber is harvested and the forestland restocked with second growth, total annual growth will reach 9.45 billion board feet, assuming that present forest management practices continue. If "ideal" intensive management were possible, annual growth would reach 15.75 billion board feet. The present cut is about 8.3 billion board feet a year—so that an expansion is possible. More efficient use of timber and the growth of the wood-chemical industry (meaning cellulose products, including paper) will offset whatever loss in employment improved efficiency in logging and sawmills operation may bring about. One private study forecasts an increase in employment in industries using wood as a raw material from the 1953 average of 76,945 (1954 was not suitable for comparison because of the lumber strike during the summer) to 85,550 in 1975. Thus, the present mainstay of our economy will probably retain its role for many years to come, although the growth of other activities may decrease its relative importance.

GUIDE FOR RETAIL TRADE SURVEYS

A recent University of Wisconsin study provides communities with a practical detailed guide not only on how to make a retail-trade area survey, but also on how to appraise the results and plan a program of action.

The study cautions against initiating a program to improve retail and service trades merely on the basis of a statistical tabulation of consumer questionnaires. Consumers may, for example, suggest that a department store is needed, when all that is required are some changes by existing stores in merchandising policies.

The items listed below provide the working material needed to initiate and carry out an effective retail and service trade program:

Retail Trade Area Analysis. Isadore V. Fine. 1954. 48 p. Bureau of Business Research and Service. University of Wisconsin, Madison 6, Wisconsin. $1.15.

Business Service Bulletins. A series of publications issued jointly by the U. S. Department of Commerce and the Small Business Administration. A list of these bulletins is available from field offices of the issuing agencies or from the Distribution Division, U. S. Department of Commerce, Washington 25, D. C.

Community and Area Development Checklist. April 1954. 4 p. Area Development Division. Available from Sales and Distribution Division, U. S. Department of Commerce, Washington 25, D. C. 5 cents.

In 1900 nearly two thirds of the men aged 65 or over reported themselves as either actively at work or seeking jobs; in 1950 less than half.

CURRENT BUSINESS TRENDS IN OREGON

Department-Store Sales. The only retail-sales indicator for Oregon is the sales of department-stores in Portland, which are compiled by the Federal Reserve Bank of San Francisco. The percentage changes in dollar sales volume for periods ending August 6, 1955, as compared to the same 1954 period, for Portland and other Pacific Coast cities are shown below:

	5 Weeks Ending Aug. 6	4 Weeks ending Aug. 6	Calendar Year to Aug. 6
Portland	+2	+8	+5
Los Angeles	+1	+5	+7
San Francisco-Oakland	0	+3	+5
Seattle	+9	+7	+7
United States	+5	+10	+7

Multnomah County Real-Estate Transactions. During July 1955 there were 1,007 real-estate sales amounting to $11,677,709 in Multnomah County. Of these, 701 involved residences, the sales price of which was $7,131,293; 242 were vacant properties, $1,522,823; and 59 were business properties, $3,223,673. Additional figures are:

	July 1955	June 1955	July 1954
Number of sales	1,007	1,171	1,076
Value of sales	$11,677,709	$13,591,169	$10,525,176
Number of mortgages	1,103	1,257	1,241
Amount loaned	$10,131,259	$11,911,655	$10,574,500
Number of Sheriff's deeds	5	2	4
Amount of Sheriff's deeds	$27,068	$5,481	$27,150
Average residential sales price	$10,105	$9,542	$9,650

CURRENT BUSINESS TRENDS IN OREGON

Index of Man Hours in Manufacturing. One of the best indicators showing changes in manufacturing activity is the man hours of industrial production workers. These figures apply only to personnel engaged in direct manufacturing activities; sales, office, and general administrative employees are excluded. The index is derived by the Bureau of Business Research from data supplied by the Oregon Unemployment Compensation Commission. The most recent reading covers the month of June 1955. (No adjustment for seasonal variation has been made; 1951 = 100.)

	1954	1955		1954	1955
Jan.	78.0	84.9	July	76.2	
Feb.	79.1	85.0	Aug.	88.5	
Mar.	82.8	84.4	Sept.	99.5	
Apr.	86.8	85.3	Oct.	99.1	
May	90.4	92.7	Nov.	95.4	
June	92.2	102.1	Dec.	90.4	

Business Failures. Dun and Bradstreet's series showing commercial failures is frequently considered an indicator of business health. Figures for Oregon are given below:

	1954		1955	
	Number	Liabilities	Number	Liabilities
Jan.	9	$ 249,000	8	$160,000
Feb.	14	986,000	2	76,000
Mar.	12	1,332,000	6	157,000
Apr.	8	168,000	13	259,000
May	12	652,000	14	368,000
June	14	316,000	11	310,000
July	12	392,000	6	246,000
Aug.	3	25,000	---	---
Sept.	5	113,000	---	---
Oct.	9	405,000	---	---
Nov.	2	38,000	---	---
Dec.	8	215,000	---	---

Employment. The number of nonagricultural workers increased 2.0 per cent (9,400) between mid-May and mid-June 1955. The largest gains were in foods and kindred products (3,800) and construction (3,300).

The only significant decline was in state and local government workers (2,000). This July's total is 15,600 above that of a year ago, but the figure for July 1954 was low because it excluded 25,000 workers involved in labor disputes, almost all of whom were in the lumber industry. More detailed information supplied by the Oregon State Unemployment Compensation Commission follows:

	July 1955	June 1955	July 1954
Lumber & wood products	90,100	90,100	76,800
Food & kindred products	21,600	17,800	21,500
Other manufacturing	42,800	42,900	41,700
Total manufacturing	154,800	151,100	139,900
Contract construction	28,200	24,900	25,000
Retail trade	80,100	79,100	79,800
Government	73,600	73,600	69,900
Other nonmanufacturing	150,100	147,200	147,500
Total nonmanufacturing	330,300	324,600	322,200
Total nonagricultural employment	485,100	475,700	462,100

Lumber. The production of Douglas-fir lumber in the Pacific Northwest during July 1955 was lower than the previous month but, because of the 1954 lumber strike, much higher than a year ago. Figures are prepared by the West Coast Lumbermen's Association, the most recent of which follow (all figures in thousands of feet, board measure):

	July 1955	June 1955	July 1954
Average weekly production	157,768	190,724	79,021
Average weekly orders	182,500	202,562	83,721
Unbilled orders, end of month	822,965	831,915	891,561
Lumber inventory, end of month	766,328	879,152	819,742

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BANK DEBITS

Bank debits represent the dollar value of checks drawn against the deposit accounts of individuals and business firms. Bank debits are regarded as good indicators of current business activity, although their value for this purpose may be impaired by the inclusion of large checks arising out of transfers of funds or the purchase of certain types of capital assets that do not constitute "business activity." The Bureau of Business Research collects bank debits from 149 banks and branches monthly.

Marketing Districts	Number of Banks Reporting	Debits July 1955	Debits June 1955	Debits July 1954	July 1955 Compared with June 1955	July 1955 Compared with July 1954
Oregon	125	$1,486,072,566	$1,463,856,154	$1,355,899,294	+ 1.5	+11.2
Portland (Portland, Hillsboro, Oregon City, etc.)	35	915,826,791	929,545,066	843,859,141	— 1.5	+ 8.5
Lower Willamette Valley (Salem, McMinnville, etc.)	16	115,232,675	101,042,575	104,801,419	+14.0	+10.0
Upper Willamette Valley (Albany, Corvallis, Eugene, etc.)	18	154,319,579	150,207,385	127,201,179	+ 2.7	+21.3
North Oregon Coast (Astoria, Tillamook, etc.)	5	24,768,187	27,915,986	23,451,188	—11.3	+ 5.4
Douglas, Coos, Curry	10	57,063,663	53,307,655	44,521,710	+ 7.0	+28.2
Southern Oregon (Ashland, Medford, Grants Pass)	6	69,827,751	57,743,095	58,146,222	+20.9	+19.5
Upper Columbia River (The Dalles, Hood River, etc.)	7	30,681,145	26,469,894	24,553,875	+15.9	+25.0
Pendleton area	5	24,069,813	21,917,795	21,936,612	+ 9.8	— 3.5
Central Oregon (Bend, Prineville, Redmond)	5	23,808,039	26,101,817	19,532,113	— 8.8	+22.3
Klamath Falls, Lakeview area	6	30,610,127	29,181,516	28,712,116	+ 4.9	+ 6.6
Baker, La Grande area	7	23,538,593	23,410,187	21,607,610	+ .1	+ 8.9
Burns, Ontario, Nyssa	5	16,300,150	16,900,183	14,275,716	— 3.5	+14.2

BUILDING PERMITS

Building permits give an indication of building operations planned rather than actual reconstruction under way. Care must be taken in interpreting these data to allow for the lag which may elapse between the issuance of the permit and the beginning of actual construction. The data have been collected by the Bureau of Business Research.

	New Residential July 1955	New Nonresidential July 1955	Additions, Alterations & Repairs July 1955	Totals July 1955	Totals June 1955	Totals July 1954
Albany	$ 158,500	$ 34,000	$ 70,800	$ 262,300	$ 116,100	$ 116,900
Astoria	18,354		48,840	67,194	25,535	48,378
Baker	65,090	550	26,060	91,690	282,587	52,110
Bend	52,000	16,500	76,110	144,910	1,220,152	50,655
Coos Bay	24,569	74,865	3,100	102,165	36,800	118,530
Corvallis	141,000	1,700	50,255	192,955	252,725	78,250
Eugene	95,000	120,875	53,505	277,380	537,959	215,211
Forest Grove	35,500		6,630	42,130	76,950	62,800
Grants Pass	111,250	2,450	43,175	159,875	225,260	58,675
Klamath Falls	51,600	1,000	118,100	170,100	171,620	77,175
Medford	115,600	19,000	39,383	173,983	794,113	195,900
Milton-Freewater	10,800	8,200	3,600	22,600	81,800	10,200
North Bend	49,000	22,250	19,925	91,175	98,501	51,920
Oregon City	33,000		10,910	43,910	20,090	17,300
Pendleton	42,000	27,900	6,800	76,700	238,811	133,175
Portland	1,695,525	629,460	1,089,160	3,111,095	3,966,735	4,099,000
Roseburg	76,500	72,700	18,838	170,033	119,850	92,095
Salem	111,950	118,500	17,255	830,205	113,583	121,915
Springfield	160,875	-	17,000	207,875	189,175	76,200
The Dalles	71,139	133,500	9,800	214,139	94,871	259,370
22 other communities	393,569	444,758	122,013	860,351	659,252	711,501
Totals	$3,825,324	$1,915,108	$1,911,589	$7,672,100	$9,952,107	$6,991,701